



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

NOVEMBER 30, 1998

BNSF Rate Increase Upsets Farmers. Already enduring low commodity prices and weak export demand, farmers in Montana and North Dakota are concerned about a \$50-per-carload rate increase to be implemented by the Burlington Northern Santa Fe Railroad (BNSF). The 1.7 percent increase, amounting to approximately 1.5 cents per bushel, will begin January 1, 1999, and will affect shipments to the Pacific Northwest. Exports from the Pacific Northwest have been particularly low due to the Asian economic crisis. "There's no rhyme or reason to have a rate increase at a time when there's no demand for grain," according to Jim Bobb, a grain division manager in Gladstone, ND. The opinion was echoed by others, such as Lance Gaebe of the North Dakota Grain Growers Association, who said that rates have substantially increased during the last decade and that the railroad "can pretty much do what they want..." The expected increase also prompted a letter from Montana's Senator Conrad Burns and Representative Rick Hill. Senator Burns emphasized the current plight of Montana's farmers, stating that "a big part of Montana's economy and culture are on the line, and BNSF insists on pushing us closer to the brink." In response, BNSF Chairman, President, and Chief Executive Officer, Robert Krebs, sympathized with the problems plaguing Montana's agricultural economy and pledged that BNSF would do its part to provide rates and service, which would allow access to domestic and foreign markets. Krebs mentioned several instances in which BNSF actually lowered rates and, despite criticism from rail analysts, stated that the railroad will continue to invest heavily in track, locomotives, and high-capacity grain cars to meet the needs of shippers. Jim Sabourin, a BNSF spokesman, said that the rates had not been raised in almost 3 years. Montana's Senator Burns and Representative Hill intend to work on a legislative solution to that State's captive shipper status. (*AP*, *BNSF.com*, *Senate.gov*)

U.S. Donations To Central America. A U.S. food aid package announced recently will provide 180,000 metric tons of wheat and 50,000 metric tons of corn to the hurricane-affected areas of Honduras, Nicaragua, El Salvador, and Guatemala. The aid comes after Hurricane Mitch devastated the region, claiming 11,000 lives and causing billions of dollars in damage, mostly in Honduras and Nicaragua. "USDA's donations will help avoid serious, longer term food shortages that would otherwise result from the damage to cropland, storage, and infrastructure," said U.S. Secretary of Agriculture, Dan Glickman. The donated wheat is valued at \$27 million and corn at \$6 million, including transportation costs. Food aid worth \$4.6 million is also being donated to the region by private voluntary groups. Honduras and Nicaragua will also receive \$10 million worth of commodities under the Food for Progress program. An additional \$10 million in long-term, low-interest loans will be provided to El Salvador and Guatemala under the PL480 program, allowing these countries to buy U.S. agricultural goods. "We remain prepared to provide additional food, if necessary," stated Glickman. (*Reuters*)

Ukraine Exports Suffer Due To Infrastructure. Poor infrastructure at the Ukraine's six major export ports along the Black Sea are being blamed for a huge commodity backlog. Reports as recent as last week indicate that slow, obsolete equipment is the reason over 2,300 trucks, waiting at an elevator in Odessa, the country's largest port, could not be unloaded for at least 3 weeks. In addition, more than 10 ships were waiting to be loaded at the port. "Port elevators are full, thousands of tonnes of our commodities are waiting to be unloaded, and we can't ship them quickly enough," said Volodymyr Klymenko, head of the Ukrainian Grain Association. Traders were concerned over how the situation would affect their reputation with foreign traders. (*Reuters*)

Canadian Farmers Facing Economic Crisis. Canada is facing a farm crisis, similar to that of the United States. Prices for wheat, Canada's largest crop, have suffered. Meanwhile, there is no assurance that the Canadian Government will provide emergency farm aid similar to that which was recently approved by the U.S. Congress. Canadian net farm income will fall by approximately 35 percent, according to the Canadian Federation of Agriculture, a coalition of farm groups similar to the American Farm Bureau Federation. Canadian mainstay crops have been hit hard. According to the Federation, prices are off 30-40 percent for various categories of wheat, 9 percent for canola, and approximately 28 percent for barley. (*Feedstuffs*)

Correction: The *Journal of Commerce* was inadvertently omitted as a reference to the *Traffic World* cited articles in the November 23, 1998 issue.

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Futures:				Week Ago	Year Ago
			11/27/98	11/20/98	11/28/97
Kansas City	Wht	Dec	3.1400	3.2000	3.5750
Minneapolis	Wht	Dec	3.7850	3.7675	3.8750
Minneapolis	Dur	Dec	4.1400	4.1700	n.a.
Chicago	Wht	Dec	2.7700	2.8550	3.4175
Chicago	Corn	Dec	2.1750	2.2000	2.7150
Chicago	Sybn	Jan	5.8225	5.8050	7.1825



See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

Index - Percent of Tariff Rate

350%
300%
250%
200%
150%
100%
50%

01/26/94 03/30/94 06/01/94 08/03/94 10/05/94 12/07/94 02/08/95 04/12/95 06/14/95 08/16/95 10/19/95 12/20/95 02/28/96 05/01/96 07/03/96 09/04/96 11/06/96 01/08/97 03/12/97 05/14/97 07/16/97 09/17/97 11/19/97 01/21/98 03/25/98 05/27/98 07/29/98 09/30/98

Straight Lines Indicate 3-yr Avg
Weekly Movement based on 4-Week Running Avg.

Rail Car 'Auction' Offerings				
Delivery for:	Dec-98		Feb-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	5,350	89%	5,158	8%
UP-GCAS	5,000	69%	5,000	6%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

		Delivery Period		
		Dec-98	Jan-99	Feb-99
BNSF-COTE	no offer	\$0	\$(12)	\$(23)
CP-GEEP	\$12	\$2	\$0	\$0
UP-Pool	\$0	\$10	\$8	\$6

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Dec-98	Feb-99	Mar-99
COT/N. Grain	sold out	no bid	no bid
COT/S. Grain	sold out	no bid	\$(288)
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

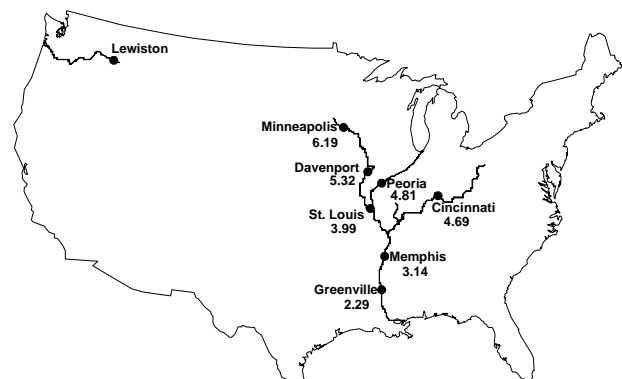
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
11/24/98	Illinois	twk	150
	Lower Ohio	twk	140
	Cincinnati	twk	150

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

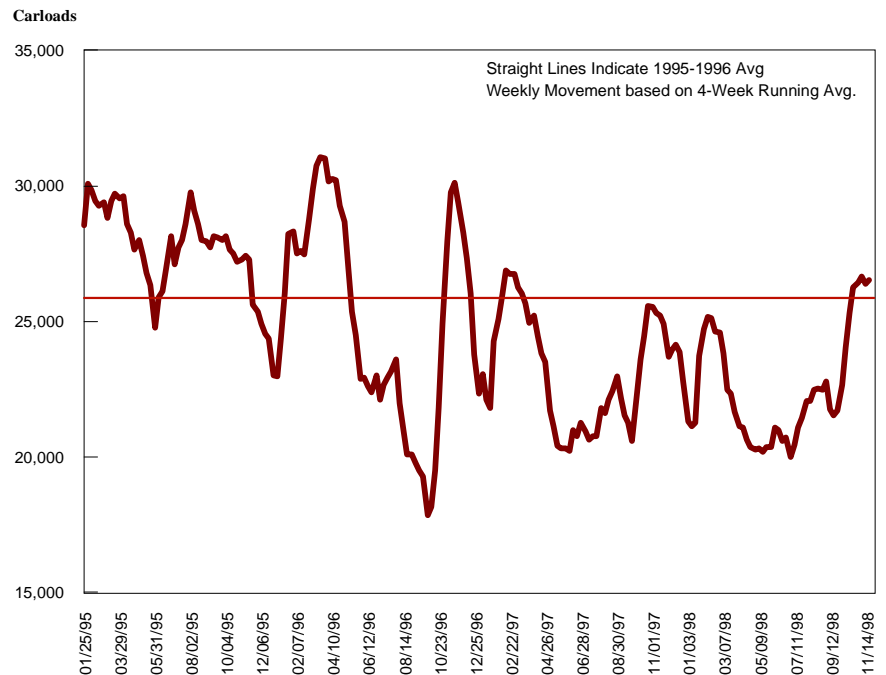
twk=this week
nwkw=next week**Southbound Barge Freight Spot Rates**

	11/25/98	11/18/98	Dec. '98	Feb. '98
Twin Cities	nq	270	nq	nq
Mid-Mississippi	nq	228	nq	nq
Illinois River	152	231	158	183
St. Louis-Cairo	123	143	118	119
Lower Ohio	142	157	134	135
Cairo-Memphis	117	133	115	113

Source: Transportation & Marketing /AMS/USDA
nq- no quote**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
11/7/98	26,070
11/14/98	25,804
11/21/98	26,685
Year to Date - 1998	1,046,267
Year to Date - 1997	1,066,826
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



Class I Rail Carrier Grain Car Bulletin

Carloads

	<u>East</u>				<u>West</u>			<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
11/21/98	1,402	2,918	1,627	2,689	9,022	777	8,250	2,406	4,335
This Week Last Year	1,452	3,444	1,516	3,310	8,082	636	6,112	3,315	5,388
1998 YTD	36,257	111,732	69,673	117,184	378,854	30,840	301,727	101,855	193,126
1997 YTD	25,514	101,373	72,299	108,863	380,165	30,521	341,383	152,750	242,236
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387
1995 Total	37,851	133,755	61,612	139,043	410,274	34,393	447,786		

Source: American Association of Railroads

Tariff Rail Rates for Unit Train Shipments

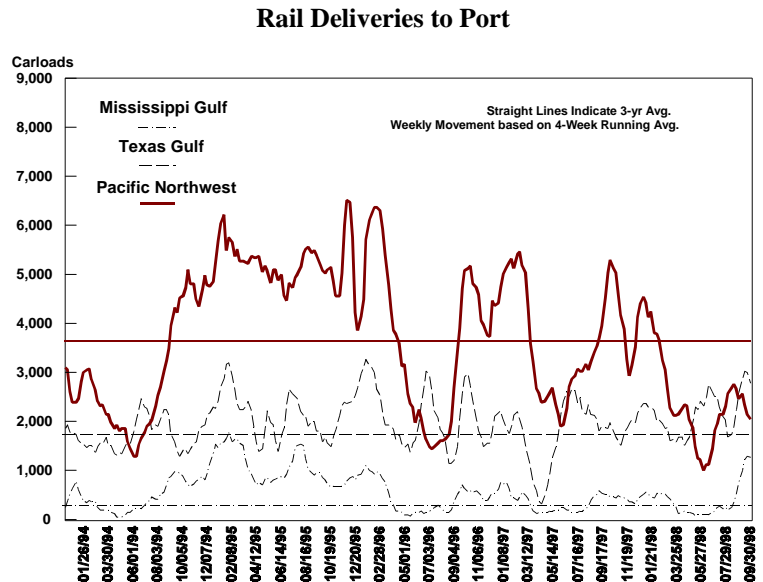
November 1998

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
11/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
11/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
11/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$14.97	\$0.50
11/01/98	43586	Wheat	Kansas City, MO	Portland, OR	\$4,012	\$36.41	\$1.20
11/01/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$35.44	\$1.17
11/01/98	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
11/01/98	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$24.74	\$0.87
11/01/98	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
11/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,330	\$30.22	\$1.00
11/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$3,030	\$27.50	\$0.91
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

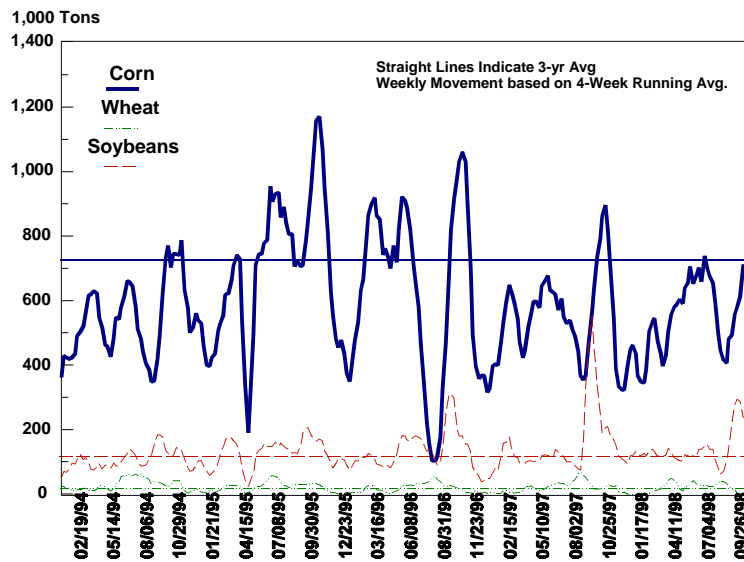
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
10/14/98	1,058	2,935	2,510	452
10/21/98	1,117	3,094	2,302	468
10/28/98	1,305	3,330	2,571	900
11/04/98	1,492	2,778	2,060	600
11/11/98	1,323	2,822	1,721	189
11/18/98	1,027	2,205	1,928	820
YTD 1998	19,658	100,145	117,976	10,465
YTD 1997	17,391	82,659	171,166	7,908
Total 1997	20,152	93,265	195,953	9,147
Total 1996	25,899	113,804	199,709	11,304
Source: Transportation & Marketing/AMS/USDA				



***Note:** Data prior to 10/28/98 has been revised. More recent data has been estimated.

Barge Movements - Locks 27



Barge Grain Movements

for week ending 11/21/98

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	532	12	79	623
Winfield, MO (L25)	553	11	149	717
Alton, IL (L26)	862	11	164	1,042
Granite City, IL (L27)	857	6	166	1,030
Illinois River (L8)	319	0	28	347
Ohio (L52)	16	5	30	141
Arkansas (L1)	0	0	0	0
1998 YTD	26,369	2,237	7,632	38,989
1997 YTD	26,392	2,472	8,425	40,294
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963
Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.				
Source: U.S. Army Corp of Engineers				

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
11/19/98	1,356	288	1,115	1,023	204	3,987	9,018	5,067	18,072
This Week Year Ago	1,554	581	1,053	768	281	4,236	7,673	6,632	18,541
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	5,479	1,091	3,166	2,911	426	13,073	9,281	6,443	28,797
97/98 YTD	5,098	3,127	3,224	2,746	679	14,873	8,351	8,550	31,774
96/97 Total	2,595	1,643	1,432	1,240	361	7,271	43,991	24,273	75,535
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
11/26/98	300	104	0	44	812	322	81	19	23
1998 YTD **	9,484	4,085	622	4,679	27,408	12,610	6,528	499	1,198
1997 YTD **	10,140	9,060	1,681	5,912	26,006	16,200	4,665	989	905
% of Last Year	94%	45%	37%	79%	105%	78%	140%	50%	132%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

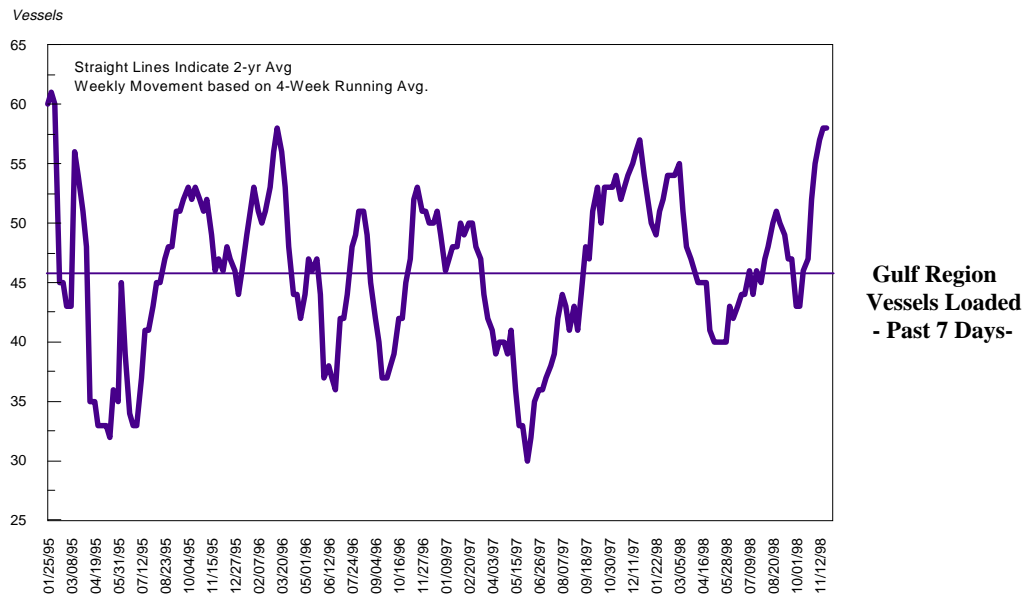
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

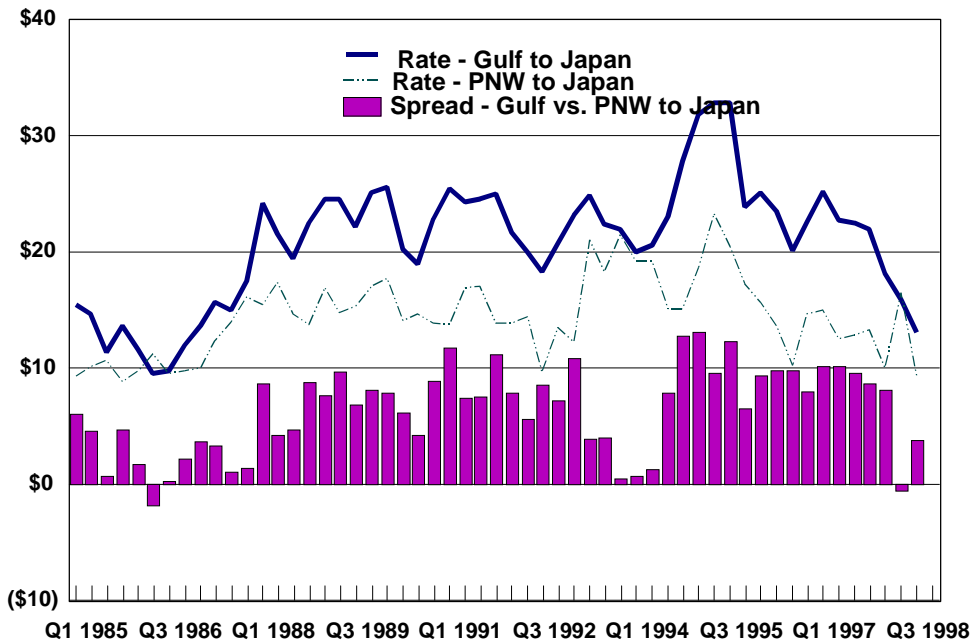
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 11/26/98			
Vancouver	1,716	226	77
Prince Rupert	268	0	0
Prairie Direct	191	143	52
Thunder Bay	223	72	57
St. Lawrence	708	512	0
1998 YTD Exports	3,416	963	185
1997 YTD Exports	6,002	1,250	891
% of Last Year	57%	77%	21%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
		Loaded	Due Next		Loaded	Due Next		Loaded	Due Next
	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>
11/19/98	39	55	76	13			19	11	1
11/26/98	42	55	74	17			16	11	3
1997 Range	(11..52)	(25..61)	(31..89)						
1996 Range	(17..46)	(38..61)	(27..88)						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
1995 Avg	31	46	61						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton

**Quarterly Ocean Freight Rates**

Weighted Average Rates & Vessel Size, U.S. Dollars/Metric Ton - Basis

	1998 3 rd Qtr	1997 3 rd Qtr	% Change		1998 3 rd Qtr	1997 3 rd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$13.17	\$22.55	-42%	Japan	\$9.35	\$12.92	-28%
Mexico	\$16.33	\$14.47	13%	Red Sea/ Arabian Sea		\$19.23	
Venezuela	\$10.30	\$13.78	-25%				
N. Europe	\$8.85	\$13.23	-33%	Argentina to			
N. Africa	\$13.87	\$15.44	-10%	N. Europe	\$12.15	\$14.83	-18%
				Japan	\$16.21	\$25.56	-37%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Peru	Grains	Nov./Dec.	30,000	\$15.50
Gulf	N. Europe	Grains	December	55,000	\$8.45
Gulf	Ireland	Grains	November	24,000	\$12.25
Gulf	Europe	Heavy Grain	Nov./Dec.	55,000	\$8.75
Gulf	Bangladesh	Wheat	Nov./Dec.	25,000-70,000	\$25.03-93.63(MT)
Gulf	Algeria	Heavy Grain	December	20,000	\$19.00
Gulf	Japan	Heavy Grain	Dec./Jan.	54,000	\$13.00-13.50
River Plate/Brazil	Lisbon/Hamburg	Grains	Nov./Dec.	50,000	\$12.75
River Plate	Spain (Med.)	Meals	Prompt	30,000	\$13.50
Black Sea	So. Korea	Wheat	Prompt	55,000	\$14.25

Source: Maritime Research Inc.